

RECONCILEMENT

TREASURERS CONFERENCE

RECONCILE

- At least monthly - Treasurer Funds ledger to Auditor Funds ledger
- Daily – Cash book charges to Cash Book credits
- At least monthly – Bank Balance to Cash Book

INTERNAL CONTROLS

- 5 Components: Control Environment; Risk Assessment; Control Activities, Information and Communication and Monitoring
- Control Activities
 - Segregation of duties
 - Reconciliation

SEGREGATION OF DUTIES

- Treasurer is the custodian for all money belonging to the county. Auditor posts and balances the funds ledger. [IC 36-2-10-9]
- Statutory segregation of duties by office.
 - Receipts, warrants, reconciliation
- Care should be taken to preserve this segregation of duties.

SEGREGATION OF DUTIES

- NSF Check process and procedures
 - Manual environment and prescribed procedures – see October 2005 Bulletin
 - Changes due to automation and software capabilities
 - Procedures must preserve segregation of duties between the preparation of the tax duplicate and the billing and collection of the taxes.

NSF CHECK PROCEDURES

- Tax duplicate is prepared by the Auditor
- Tax collections are received and posted by the Treasurer
- NSF check is carried as a cash item. Payment is not deleted or removed from Tax Duplicate
- Treasurer attempts to collect the amount necessary to redeem the check.
- Amount is determined uncollectible by Treasurer

NSF CHECK PROCEDURES (cont.)

- Claim is prepared and after approval, county warrant is issued from general fund - unappropriated.
- The amount of the tax shall be recharged by the Auditor.
- The amount reimbursed by the County shall be deducted from the amount for apportionment in the next December Settlement.

NSF CHECK PROCEDURES (cont.)

- Counties are following new procedures enabled by the flexibility of their tax billing software.
- We need more information to determine if the controls are sufficiently designed to preserve the segregation of duties before we can modify the prescribed procedures or advise on alternative procedures.

Reconcile – County Funds

- Treasurer keeps a separate funds ledger [IC 36-2-10-15]
- Both Auditor and Treasurer prepare a monthly report and funds ledgers need to be reconciled between the two offices.
- Funds ledger is part of the Cash Book
 - Cash deposits
 - Investments from general funds
 - Investments from specific funds

Reconcile – County Funds (cont.)

- Investments purchased
 - Par Value; at a discount or at a premium
 - Record the purchase on cash book at the cost of the purchase.
 - Discount – additional proceeds received are added to interest collected
 - Premium – interest payments would be posted against cost on cash book until par value is reached. The remainder recorded as interest.

Reconcile – County Funds (cont.)

- Investment example
 - Par value is \$100,000 at 2% interest
 - Discount – purchase for \$99,500
 - Record on cash book at \$99,500
 - When matures for \$100,000 and \$2,000 interest – add additional \$500 received to interest earned.
 - Premium – purchase for \$100,500
 - Record on cash book at \$100,500.
 - When matures for \$100,000 and \$2,000 interest - post \$500 to cost of investment to reduce carrying amount to \$100,000 and remaining as interest earned.

RECONCILE – CASH BOOK

- Prescribed Form 47
- Left side contains all of the charges
 - Tax collections – not quietused
 - Other sources – not quietused
 - Funds ledger
 - Investment ledger
- Right side contains all of the credits
 - Deposits
 - Investments
 - Cash on hand

RECONCILE – CASH BOOK (cont.)

- Investments for specific fund vs. from all funds
 - Specific fund should be on investment ledger
 - Investment of all funds (taxes) would be on funds ledger
- Right side should reconcile to left side.
 - All monies that should be accounted for
 - Left side-how all monies are deposited, invested or included in cash on hand
- NSF would be included in the cash on left side
- Proof of cash included

Reconcile – Bank to Cash Book

- Cash Book is your record balance.
- There will be timing differences
 - Deposits in transit
 - Outstanding checks
 - Credit cards
 - Interest/Bank charges
 - NSF checks

Reconcilement – Bank to Cash Book

- Different approaches to reconcile cash book to banks
 - Reconcile each bank separately and summarize total adjusted bank balances, investments and cash agree to record balance
 - Reconcile all deposits and investments from all banks on one reconcilement, add cash and compare total to record balance (Example)

Reconcilement – Bank to Cash Book

- Adjustments
 - Posting errors
 - Bank errors
 - Potential problems
 - Receipts don't match deposits
 - Disbursements don't match warrants
 - All unidentified variances need to be noted and investigated